

# *Banking on Tennessee's History*

The Economic Value of  
Historic Preservation  
to the People of  
Tennessee



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## The Economic Value of Historic Preservation to the People of Tennessee



*The Tennessee Preservation Trust is a non-profit, membership-based organization that provides leadership, education, and advocacy to promote the preservation of our state's diverse historic resources.*

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**Front Cover photos** (clockwise from bottom left): Homesteads Tower, Cumberland Homesteads Historic District, Crossville, Cumberland County; Point Park, Chickamauga and Chattanooga National Military Park, Hamilton County (courtesy of the Center for Historic Preservation); slave quarters at the Hermitage, Nashville, Davidson County; Christ Church Episcopal, Historic Rugby, Morgan County; streetscape, Jonesborough, Washington County; Customs House, Bristol, Sullivan County.

**Back Cover photos** (clockwise from bottom right): College Hill Center, Brownsville, Haywood County (courtesy of Martha D. Akins); Lilie's Bed and Breakfast, Brownsville, Haywood County (courtesy of Martha D. Akins); Market Square, Knoxville, Knox County (courtesy of Knox Heritage); Alex Haley House and Museum, Henning, Lauderdale County (courtesy of Tennessee Historical Commission); 500 Block of Gay Street, Knoxville, Knox County (courtesy of Knox Heritage); Burra Burra Mine Site, Ducktown, Polk County (courtesy of Tennessee Historical Commission); North Spring Street, McMinnville, Warren County (courtesy of Main Street McMinnville); Rock Castle, Hendersonville, Sumner County (courtesy of Tennessee Historical Commission).

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# INTRODUCTION

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Generations of Tennesseans have long appreciated and struggled to preserve their state's rich array of historic places. From high-profile sites like The Hermitage and Graceland to lesser known but equally historic town squares and neighborhoods, the people of Tennessee draw inspiration, comfort, and a sense of identity from these irreplaceable resources. However, the value of historic preservation goes beyond protecting communities' quality of life, it is also a significant economic engine that contributes hundreds of millions of dollars to the Tennessee economy every year.

In fact, historic preservation is one of the most fiscally responsible forms of economic development that Tennesseans can pursue because it capitalizes on historic resources and physical infrastructure currently in place around the state. This economic study and others from around the nation confirm what preservation professionals in Tennessee have long believed: **historic preservation creates jobs, increases property values and tax bases, revitalizes communities, and brings thousands of tourists into the state every year.**

Efforts to preserve historic places are in many ways tied to issues of real estate and market economics. Often, the decision to raze or rehabilitate a building depends on the property's ability to generate profit and a return on the owner's investment. As a result, agencies at all levels of government and non-profit groups have created a variety of economic incentives to encourage private investment in the preservation and reuse of historic buildings. These economic incentives are a resounding success in Tennessee and substantially benefit the state's economy.

This report discusses the programs and activities of Tennessee's many public and private organizations involved in preservation economics and provides an overview of the ways in which they contribute to the state's economy.

# PUBLIC/PRIVATE PARTNERSHIPS

Effective, economically successful historic preservation relies not only on the initiative of private individuals, but also public support. Public funds serve as seed money to encourage private investment in historic preservation. Following are descriptions of four public programs that invest hundreds of millions of public and private dollars into local economies and historic places across the state.

## THE HISTORIC PRESERVATION TAX INCENTIVES PROGRAM

Congress created the federal investment tax credit program in 1976 to promote the revitalization of the nation's urban and rural areas by encouraging private investment in the rehabilitation and adaptive-reuse of buildings that are either listed or eligible for listing on the National Register of Historic Places. Federal preservation tax incentives provide a 20% tax credit for certified historic rehabilitation project expenditures related to income-producing properties such as office buildings and apartment complexes.

### Tax Credit Projects in Tennessee

Investment	Project
\$15.5 million	Restoration of the Central Station train depot in Memphis to include apartments above a bus and train station
\$6.3 million	Rehabilitation of the vacant Bennie-Dillon Building in downtown Nashville for apartments and office space

Bennie-Dillon Building  
Nashville



Photo courtesy of Post Properties

\$1.3 million	Rehabilitation of a vacant Jonesborough, Washington County, grocery store for use as a hotel
\$231,000	Restoration of an historic house near downtown Murfreesboro, Rutherford County, to accommodate a local law firm.
\$125,000	Rehabilitation of a vacant Pure Oil gas station in McMinnville, Warren County, for use as an art gallery.

Administered by the National Park Service (NPS) and State Historic Preservation Offices (SHPO), the tax credit program is by far the largest and most effective federal strategy promoting historic preservation and has produced 30,000 rehabilitation projects and generated over \$30 billion in private investment across the nation since its inception.<sup>1</sup> According to the NPS, during fiscal year 2002 alone the agency "approved 1,202 projects representing an estimated \$3.2 billion of private investment spent to restore and adapt historic buildings."<sup>2</sup>

Tennessee's SHPO, the Tennessee Historical Commission (THC), confirms that the state's economy and local communities reap huge benefits from this incentive program. Since 1976, a total of 397 certified rehabilitation projects have infused over \$445 million into the state.<sup>3</sup> During fiscal year 2002, nine completed tax incentive projects resulted in a direct investment of nearly \$43 million in rehabilitation expenditures.<sup>4</sup> These numbers jumped in fiscal year 2003 when fifteen completed projects resulted in over \$51 million in rehabilitation expenditures.<sup>5</sup>

Aside from the immediate infusion of money associated with the rehabilitation expenditures of these projects, tax incentive projects create long-term wealth by placing historic buildings back into productive use, creating jobs, increasing tax revenues, and enhancing property values. The

program also ensures that historic buildings' architectural features are left intact for the enjoyment of future generations.

# PUBLIC/PRIVATE PARTNERSHIPS

## THE HISTORIC PRESERVATION FUND

In addition to private dollars invested in preservation projects as a result of the tax credit program, there are grants from the **Historic Preservation Fund**, federal funds administered by the Tennessee Historical Commission. These grants provide 60% of rehabilitation project costs and local project sponsors provide the remaining 40%. A portion of these grants go to communities across the state to fund the restoration of local historic landmarks, providing a significant boost to local economies and community pride. During fiscal years 2002 and 2003, the Tennessee Historical Commission granted \$223,000 to 11 restoration projects across the state.<sup>6</sup>

## Recent Historic Preservation Fund Projects in Tennessee

Grant	Project
\$25,000	Restoration of the Cumberland County Courthouse, Crossville
\$25,000	Rehabilitation of the Auditorium in the Bemis Historic District, Madison County
\$10,401	Restoration of the Dr. James A. Ross House, Pikeville, Bledsoe County

One of many extant late-19th-century buildings in Pikeville, the Ross House is owned by the county, and will serve as a local history museum, offices and resource center.



Photo courtesy of the SETDD

## Recent TEA-21 Projects in Tennessee

Grant	Project
\$3 million	Restoration of four interconnected railroad hotels in Greenville, Greene County
\$560,521	Restoration of the Hotel Halbrook in Dickson, Dickson County, for use as a railroad museum and interpretation site.

Hotel Halbrook  
Dickson



Photo courtesy of TDOT

\$225,000	Restoration of a railroad depot and baggage building in Tazewell, Claiborne County
\$264,347	Renovation of Crossville's Palace Theater to create a tourist information and welcome center, Cumberland County
\$98,000	Rehabilitation of Elizabethton's 118-year-old covered bridge, the oldest bridge in the state still used daily by vehicular traffic, Carter County

## ISTEA /TEA-21

The **TEA - 21** transportation enhancement program, originally

passed as the Intermodal Surface Transportation Efficiency Act (ISTEA) in 1991 and soon to be reauthorized as SAFETEA, the act recognizes that transportation infrastructure is essential to economic growth. Although the program primarily provides money for state and local governments for improvement of roads, bridges, rail lines, sidewalks, greenways, and other facilities, 10% of program funds may go to historic preservation projects, including:

- rehabilitation of historic transportation-related buildings and structures such as railroad depots and covered bridges;
- new construction and/or rehabilitation of historic buildings for use as transportation museums and visitor welcome centers;
- rehabilitation and reconstruction of roads, sidewalks, and other pedestrian amenities in historic downtown areas;
- acquisition of easements on historic viewsheds and other scenic resources adjacent to transportation corridors

Since 1991, Tennessee has received a total of over \$136 million in transportation enhancement funds.<sup>7</sup> Of

# PUBLIC/PRIVATE PARTNERSHIPS

this total, \$14.5 million was spent on historic preservation-related activities in communities across the state.

The restoration of these historic transportation-related resources not only supports the activities of local construction contractors and suppliers, it also encourages heritage tourism, a significant income generator in many Tennessee communities.

## CERTIFIED LOCAL GOVERNMENTS

Another indicator of the successful relationship between public and private preservation initiatives is found in the **Certified Local Government Program (CLG)**. This program, which began in 1980, is administered by the National Park Service at the national level and the Tennessee Historical Commission (THC) at the state level. THC officially designates CLGs as proactive communities whose citizens take responsibility for historic preservation through local historic zoning protections and other projects. Once designated, CLGs become eligible for historic resource survey grants and technical assistance from the state.

CLGs provide an exceptional gauge of the considerable economic effect of owner investment into historic buildings because many track the number and value of building permits approved for rehabilitation work inside local historic districts. In 2002, fifteen of Tennessee's twenty-nine CLGs reported issuing 576 permits in local historic districts for a combined total investment of over \$22 million in rehabilitation funds.

In addition to this work in locally designated historic districts, many CLGs also monitored the number of building permits for local properties listed on the National Register of Historic Places. In 2002, a total of 1,701 projects spent over \$20 million on the rehabilitation of National Register properties.<sup>8</sup>

### Certified Local Governments In Tennessee

DATE OF CLG STATUS	PARTICIPATING LOCAL GOVERNMENT (COUNTY LOCATION)
2002	Bartlett (Shelby)
2000	Bolivar (Hardeman)
1989	Chattanooga (Hamilton)
1985	Clarksville & Montgomery County
1990	Collierville (Shelby)
2001	Columbia (Maury)
2002	Cookeville (Putnam)
1985	Covington (Tipton)
2003	Dandridge (Jefferson)
1990	Franklin (Williamson)
1993	Gainesboro (Jackson)
1996	Gallatin (Sumner)
1985	Greeneville (Greene)
1996	Harriman (Roane)
2004	Hohenwald (Lewis)
1985	Jackson & Madison County
1999	Johnson City (Washington)
1996	Jonesborough (Washington)
1990	Kingsport (Sullivan)
1985	Knoxville (Knox)
1991	Martin (Weakley)
1985	Memphis (Shelby)
2003	Murfreesboro (Rutherford)
1985	Nashville/Davidson County
1999	Rogersville (Hawkins)
1998	Shelbyville (Bedford)
1991	Sparta (White)

### 2002 Investment in selected Certified Local Government Communities of Tennessee

City Name	Approved Permits for Local Historic Districts	Value of investment in Local Historic Districts
Chattanooga	98	\$3,260,142
Covington	33	73,000
Franklin	29	3,037,800
Gallatin	16	65,000
Greeneville	5	340,000
Harriman	4	80,000
Jackson	4	5,000
Johnson City	3	55,000
Martin	6	75,400
Memphis	125	9,262,556
Nashville-Davidson County	130	8,611,000
Rogersville	63	356,000

# DOWNTOWN REVITALIZATION

Across the nation, city and small town leaders in the private, public, and non-profit sectors are revitalizing their communities' traditional downtowns through the framework of historic preservation. In Tennessee, the results of this commitment are clearly evident.

Nashville, Memphis, and Chattanooga have invested considerable time and money into successful downtown revitalization projects, and Knoxville is making significant progress. After years of neglect, Nashville's Second Avenue and Lower Broadway historic districts are again teeming with music venues, restaurants, and other amenities that attract both tourists and locals alike. Similarly, Memphis' venerable Beale Street is back and attracting visitors from across the world in search of the street's musical legacy of blues and R&B. In all these cities, historic preservation played the central role in attracting people and businesses back to their downtowns. Knoxville, in addition to its active neighborhood preservation efforts, is currently revitalizing its historic Market Square to make room for new restaurants, shops, and urban living spaces.

These revitalization efforts are bolstered by historic property revolving funds and other rehabilitation advocacy efforts by non-profit preservation organizations like Chattanooga's *Cornerstones, Inc.*, Knoxville's *Knox Heritage, Inc.*, and Memphis *Heritage, Inc.* For example, the revolving fund administered by Cornerstones is used to purchase and stabilize threatened historic buildings in Chattanooga which are then sold to preservation-friendly developers for rehabilitation. To date, Cornerstones has invested approximately \$1 million in five downtown historic buildings and leveraged an additional \$5.4 million in private rehabilitation expenditures. Similarly, Knox Heritage uses a \$350,000 line of credit from a local lender to purchase, restore, and resell historic homes.

## NATIONAL MAIN STREET CENTER/TENNESSEE MAIN STREET PROGRAM

The traditional downtown commercial areas of Tennessee's smaller towns have also benefited greatly from the National Trust for Historic Preservation's **Main Street** program. Created in 1980, Main Street helps downtown areas organize and promote grass-roots economic development and revitalization through the framework of historic preservation.

Local Main Street communities work with the program's established four-point

### Tennessee communities certified by the National Main Street Center's Main Street Program

COMMUNITY/PROGRAM	COUNTY
Main Street Cleveland*	Bradley
Downtown Kingsport Association*	Sullivan
Main Street Collierville*	Shelby
Main Street Lawrenceburg*	Lawrence
Columbia Main Street*	Maury
Main Street Lebanon	Wilson
CityScape-Cookeville*	Putnam
Main Street McMinnville*	Warren
Fayetteville Main Street*	Lincoln
Mount Pleasant Main Street	Maury
Downtown Franklin Association*	Williamson
Main Street Murfreesboro*	Rutherford
Greater Gallatin*	Sumner
Main Street Rogersville*	Hawkins
Main Street Greeneville*	Greene
Main Street Shelbyville	Bedford
Jackson Downtown Development Corp.*	Madison
Tiptonville Main Street	Lake
Main Street Union City*	Obion

\*denotes Main Street programs that currently have paid professional staff.

# DOWNTOWN REVITALIZATION

strategy to organize downtown businesses into a cooperative group, promote downtown as a desirable destination for shopping and recreation, restructure the economics of downtown through active business recruitment, retention, and expansion, and encourage appropriate design of downtown buildings through the standard guidelines of historic preservation practice. Since its creation, Main Street has generated **\$17 billion** in public and private reinvestment in 1,700 communities around the nation. **This represents an average of \$40.35 reinvested in downtown for every \$1 used to operate the local Main Street program.** Other results include: a net gain of **57,450 new businesses**, a net gain of **230,000 jobs**, and **93,734 rehabilitated buildings.**<sup>9</sup>

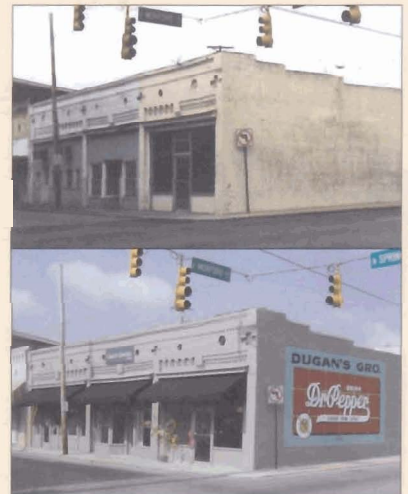
The state's active Main Street programs have each resulted in dramatic economic benefits in their home communities. Data from Cookeville, Greeneville, Union City, Murfreesboro, and Cleveland reveal a total of **\$87.8 million** in public-private reinvestment in their downtown areas. Over the past decade, these five Main Street communities have produced **1,457 new jobs**, **189 new businesses**, and **389 rehabilitated buildings.**

Though Tennessee has supported a statewide Main Street office in the past, the program was dormant for several years and has very recently been revived within the Department of Economic and Community Development. This very positive development promises to help increase the effectiveness of Tennessee's existing Main Street communities as well as designate new ones, thereby increasing the economic power of the state's many downtowns.

## Downtown Reinvestment in Tennessee's Main Street Communities

### 113-117 North Spring Street, McMinnville ▶

After being vacant for several years, these two storefronts were rehabilitated in 2004. While private investment drove the project, infusion of grants and low-interest loans, coupled with a 10% income tax credit further made the project feasible. Main Street McMinnville provided design assistance for the property owners and brought two of the three tenants to fill the space in less than seven months.



Photos courtesy of Main Street McMinnville

### ◀ 11-13 South Side Square, Murfreesboro

Private investment drove the renovation of these two buildings in downtown Murfreesboro. After the rehabilitation, a new, vital business moved in to the building the right and the business owner created a loft apartment above the store. His business has grown so fast that he just expanded into the space next door.



Photos courtesy of Main Street Murfreesboro

### New Southern Hotel, Jackson ▶

The New Southern Hotel (on the left) received significant damage from a tornado that ravaged Jackson, Tennessee in 2003. The building is now undergoing a \$5 million restoration that benefits from receiving property tax incentives and the 20% rehabilitation tax credit.



Photo courtesy of the Jackson Downtown Development Corporation

# STATEWIDE PRESER



Photo courtesy of Main Street Union City

1. Over \$9 million in restoration work was completed in the 10 local historic districts in Memphis in 2002.

3. The West Tennessee Delta Heritage Center in Brownsville has approximately 200,000 visitors annually.

5. Restoration of local historic properties in 2002 infused \$75,000 into the local economy.

28. Sullivan County received a federal grant of \$828,454 to restore the historic Sheriff's Home and the late-18th-century Deery Inn in Blountville.

2. In 2002, Covington saw \$73,000 worth of restoration work completed in its local historic district.

4. Nearly \$50,000 of federal grant money has been used to restore the Auditorium in the Bemis Historic District.

6. With over \$1 million invested annually, the Donelson Battlefield National Historic Site is one of the state's most popular historic sites.

27. In 2002, \$385,000 was invested in Johnson City's National Register properties, many of which are in local historic districts.

26. In 2002, \$340,000 was spent in restoration work in Greenville's local historic district.



25. Rogersville property owners spent more than \$350,000 restoring buildings in the town's local historic district in 2002.

23. Popular heritage tourism sites in Knoxville include the Blount Mansion/Craighead-Jackson House, and the Ramsey House Plantation.

21. Rail excursions along the 19th-century Old Line Railroad brought over 5,000 visitors to Etowah during three weekends in the spring of 2004.

19. Over 65,000 visitors annually enjoy the late-19th-century Utopian Community of Rugby.



Photo courtesy of the Center for Historic Preservation

24. The Maynardville State Bank was restored in 2003 with a federal grant of \$15,000.

22. A \$25,000 federal grant was used to restore the historic Monroe County Courthouse in 2003.

20. In 2002, \$3 million was invested in the National Register properties in the state's historic districts.

## Tennessee's Certified Local Governments



# OVATION PROFILE

in Martin's  
c district in  
d over  
p the local

7. In the first three years after extensive damage by a tornado in 1999, Clarksville benefited from greater than \$100 million in public and private investment in its historic downtown.

9. Franklin's four local historic districts experienced over \$3 million in restoration work in 2002.

Maynardville State Bank, Union County ▶



Photo courtesy of the East Tennessee Development District

00,000 visitors  
ne Fort  
National  
in Dover is one  
e's most visited  
s.

8. A federal grant of \$25,000 enabled the restoration of the Depression-era Dickson War Memorial Building.

10. Over \$8.5 million was spent on building restoration in Nashville's 10 local historic districts in 2002.

11. In Gallatin, property owners spent \$65,000 on the restoration of locally designated historic properties in 2002.



12. Nearly 200,000 tourists visited Stones River National Battlefield in Murfreesboro in 2002.

13. The historic Jack Daniels Distillery in Lynchburg is the country's oldest registered distillery and has a visitor base of 175,000 people each year.

0 visitors  
experience the  
entury  
community of

17. A federal grant of \$10,000 in 2001 enabled the restoration of the James A. Ross House in downtown Pikeville.

15. McMinnville experienced a total investment of over \$1.1 million in its historic downtown during the fiscal year 2000/2001.

14. The Cowan Railroad Museum and historic downtown Cowan are popular visitor attractions in Franklin County.

80,000 was  
Harriman's  
register  
many of  
in local historic

18. A federal grant of 25,000 was used to restore the Cumberland County Courthouse in Crossville in 2002.

16. Restoration totaling \$3.2 million took place in Chattanooga's 4 local historic districts in 2002.

L & N Railroad Depot, Etowah ▶



Photo courtesy of the SE TN Development District

## Tennessee's Main Street Communities



# JOB CREATION

Historic preservation creates jobs in many sectors of Tennessee's economy. The state's many historic sites hire managers, interpreters, and support staff; revitalized downtowns bring in new and expanded businesses that require workers of all skill levels; and rehabilitation projects require a variety of construction laborers and suppliers. According to renowned economist Donovan Rypkema,

historic preservation excels as a creator of jobs and as a generator of local economic growth. . . . The rehabilitation of a historic building is labor-intensive, relying on local craftsmen and suppliers. Unlike new construction, large components can't be manufactured at a distance and shipped to the site. Compared to new construction, rehabilitation creates more and higher skilled jobs and leaves more money in the local economy.<sup>10</sup>

Though no study has yet been published that shows the number of jobs created by preservation activities across Tennessee, a recently completed economic impact study of Memphis by the Center for Urban Policy Research from Rutgers University indicates that in 2001, historic rehabilitation and heritage tourism brought \$128.7 million in direct expenditures to Shelby County. These investments create 1,914 jobs for the county every year.<sup>11</sup> The strong preservation and heritage tourism activities occurring in other Tennessee cities such as Knoxville, Chattanooga, and Nashville are producing similar results. The same is true for the state's many towns, though on a smaller scale.

## Preservation-related jobs in Tennessee



Photo courtesy of Historic Rugby

### Heritage Tourism

As one of the fastest growing industries in Tennessee, heritage tourism creates jobs for a variety of individuals, including preservation professionals, interpreters, educators, and support staff.

### Building Rehabilitation

Building restoration and rehabilitation creates a need for skilled workers and craftsmen who are familiar with traditional building methods, can identify and prioritize preservation issues, and employ appropriate ways of blending old and new construction to meet the needs of today's property owners.



Photo courtesy of the SE TN Development District



Photo courtesy of the Ladies' Hermitage Association

### Archaeology

In addition to supplying valuable information about our prehistoric and historic past, archeological excavations also provide jobs across the state. Historic sites such as farmsteads and battlefields as well as new development like utility expansion often call on the expertise of archeologists to assess the potential for data recovery.

# PROPERTY VALUES

Studies from across the nation consistently indicate that designation and protection of historic properties through local zoning enhances property values. Two recent economic studies in Tennessee illustrate how historic zoning enhances both property values and local tax bases in the project areas.

In 1996, the Knoxville-Knox County Metropolitan Planning Commission published a report that compared the property values in three historic neighborhoods in close proximity to each other and with similar characteristics. The Fourth and Gill neighborhood was regulated by local historic zoning; Old North Knoxville was a designated National Register historic district; and the Oakwood-Lincoln Park neighborhood had no historic designation of any kind. The study found that property values in the two designated historic areas appreciated at a greater rate than in the undesignated one. In addition, reports the Tennessee Historical Commission, "rehabilitation under local historic designation proved less expensive than the undesignated area, which. . . undercut[s] the argument that houses under historic designation face more expensive repairs due to regulation."<sup>12</sup>

The 2001 study undertaken by the Center for Urban Policy Research at Rutgers presented similar conclusions regarding Memphis. Researchers compared ten neighborhoods of similar housing stock, size, and history. Five were designated as either locally zoned historic districts or as National Register historic districts. The other five had no designation. The study concluded that:

historic designation means a higher average value, a higher value in comparison to similar homes, and a greater return on investment. . . **Historically designated districts brought an 8.6% greater return to investment than the control districts. Between 1998 and 2002, property values climbed 27.2% in historic districts but only 18.6% in the non-designated neighborhoods.**<sup>13</sup>

Similar results were also found in one of Chattanooga's historic districts. In 1997 a local realtor compared housing prices inside the Fort Wood Historic District with the area surrounding the district. The realtor reported that "prices per square foot for properties inside the district are three times that of the surrounding area." Furthermore, the rate of appreciation over a five year period from 1992-1996 revealed "a 19% increase outside Fortwood compared to a 49% increase inside the historic district."<sup>14</sup> Though these examples illustrate the positive effects of historic designation in only three Tennessee cities, they are pervasive indicators of the potential for property value enhancement in the state's historic neighborhoods.

# HERITAGE TOURISM

Tourism is big business in Tennessee. In fact, it is the state's second largest industry, generating **\$10.3 billion** in direct revenues during 2003. According to the Tennessee Department of Tourist Development (TDTD), Tennessee is ranked fifteenth in total U.S. domestic travel expenditures and fourth in the Southern region.<sup>15</sup>

The tourist industry in Tennessee benefits substantially from the recent growth of "heritage tourism," a sector of the industry defined by those who visit historic and cultural sites. In fact, **historic sites are now the second largest tourist attraction in Tennessee.**<sup>16</sup> The economic impact of heritage tourism extends well beyond the boundaries of historic sites, it also spurs tremendous growth in those industries that cater to heritage tourists such as food service, lodging, and transportation. In this way heritage tourism creates economic ripple effects that benefit Tennessee in ways that many people do not realize. The information provided in TDTD's Economic Impact Report for 2001 reveals the overwhelmingly positive economic benefits of heritage tourism in recent years. During 2001, heritage tourism generated:

- \$1.2 billion in direct revenue;
- \$61 million in state tax revenue;
- \$36.8 million in local tax revenue;
- \$324 million in wages and salaries;
- 16,700 jobs.<sup>17</sup>

Tennessee's success reflects the growth of heritage tourism across the U.S. In 2003, the Travel Industry Association of America published the results of its latest survey on heritage tourists and their contributions to local economies around the nation. The study confirmed that historic and cultural tourists spend more money than other tourists, take longer trips and visit multiple destinations, and stay more often in commercial lodgings. Heritage tourists spend on average \$623 per trip, compared to \$457 per trip for all other U.S. travelers. Similar studies of heritage tourism in North Carolina, New Jersey, and Georgia – as well as the previously mentioned Memphis study – confirm these spending trends and provide additional evidence of heritage tourism's broad value to state economies.<sup>18</sup>

Tennessee's abundant collection of historic sites makes the state a prominent leader in the national heritage tourism industry. These places create a competitive advantage in the national tourism industry by marketing the state's unique and authentic historic places to attract visitors. Out of the top ten states visited specifically by heritage tourists in 2002, Tennessee placed **eighth** in the nation and **fourth** in the South – ahead of both North Carolina and Georgia.<sup>19</sup>

## A Few of Tennessee's most visited historic sites and museums<sup>20</sup>

Annual Visitation	Historic Site/Museum
9,316,419	Great Smoky Mountains National Park
915,347	Cumberland Gap National Historical Park
734,776	Fort Donelson National Battlefield
700,000	Graceland
501,194	Shiloh National Military Park
354,464	Ryman Auditorium
206,985	The Hermitage
203,000	West Tennessee Delta Heritage Center
192,355	Stones River National Battlefield
175,000	Jack Daniels Distillery
140,533	The Parthenon
140,000	Belle Meade Plantation
128,358	National Civil Rights Museum
125,000	Chattanooga African-American Museum/ Bessie Smith Hall
125,000	Sun Studios
109,976	Chickamauga-Chattanooga National Military Park
107,000	Tennessee State Museum

# HERITAGE TOURISM

In addition to larger sites such as the Great Smoky Mountains National Park, many small museums and historic sites across the state make important contributions to the economy. Places like the Sam Davis Home in Smyrna, the Woodruff-Fontaine House in Memphis, and the Ramsey House Plantation in Knoxville draw thousands of visitors every year and further demonstrate the geographic diversity of Tennessee's historic tourist destinations. Fundamental to their success is the historic preservation that laid the groundwork necessary to attract tourists and their pocketbooks.

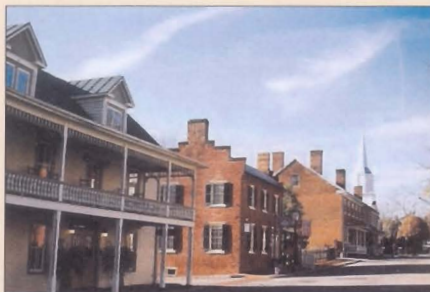
One of the largest and most exciting initiatives to promote heritage tourism in the state is the **Tennessee Civil War National Heritage Area (TCWNHA)**, established in 1996. A relatively new development in the field of preservation, a National Heritage Area is defined as "a place where natural, cultural, historic, and scenic resources combine to form a cohesive, nationally distinctive landscape arising from patterns of human activity." The designation of heritage areas is intended to publicize and manage their broad collection of important resources to attract tourists and others interested in local history.

Each of the 27 National Heritage Areas in the United States represents the history of our nation through preservation of the physical features and the cultural traditions inherent in them. Administered by the Middle Tennessee State University Center for Historic Preservation, the TCWNHA is the largest heritage area in the nation. The heritage area's mission is to preserve and interpret historic resources that "tell the whole story" of the Civil War and Reconstruction. Focal points of the area include eight heritage corridors along major rivers and railroads and Tennessee's many heritage communities. The Programs of Professional Services and Consulting Partnerships help communities and property owners enhance quality of life for Tennessee's citizens, attract national and international visitors to the state, and provide a excellent example of sustainable tourist development.<sup>21</sup>

## Heritage Tourism in Tennessee

### Historic Rugby

Originally developed by British settlers in the late 19th century as a utopian community, Rugby was preserved in the late 20th century and is now an active and vital community dedicated to historic preservation.



### Downtown Jonesborough

Home of the International Story-telling Festival, Jonesborough is Tennessee's oldest city and a destination community for tens of thousands of visitors annually.

### Casey Jones Village, Jackson

Casey Jones Village, dedicated to the memory of the Tennessee train engineer who died while at the helm of a speeding locomotive, is one of the most visited historic resources in Tennessee. The museum hosts approximately 750,000 visitors each year.



Photo courtesy of the Casey Jones Village

# CONCLUSION

Many organizations in Tennessee help promote historic preservation as an integral part of the state's economic development strategy. As mentioned in this report, state and local government agencies administer significant economic incentive programs that encourage private investment in the rehabilitation and reuse of historic commercial and residential buildings. Additionally, three of Tennessee's nine regional development districts employ preservation planners to promote preservation and economic development on a regional basis. The public university system is also involved, especially at Middle Tennessee State University through the renowned Center for Historic Preservation and the school's Public History graduate studies program. These educational institutions provide valuable public outreach programs and train students for professional careers in the field of historic preservation.

Government activities in historic preservation are augmented by Tennessee's thriving non-profit sector. As the statewide preservation education and advocacy organization, the Tennessee Preservation Trust serves as an umbrella group for the many local and specialized preservation non-profits around the state. Through programs and partnerships with other heritage organizations, TPT provides both local and statewide advocacy for endangered historic places and strives to elevate Tennesseans' awareness of the quality of life and economic benefits made possible by preservation activities. Noteworthy non-profit partners of the TPT include Tennessee's numerous Main Street communities, The Heritage Foundation of Franklin and Williamson County, Memphis Heritage, Knox Heritage, Historic Nashville, and Chattanooga's Cornerstones. Also involved are groups associated with specific historic sites in the state such as the Association for the Preservation of Tennessee Antiquities, the oldest historic preservation group in the state, and the Ladies Hermitage Association which began its work to save president Andrew Jackson's home in 1889.

Through these organizations and active citizens, Tennessee is charting a course to enhance the state's quality of life and promote smart economic development. Often mistakenly overlooked as being an occasional frill or luxury only possible during times of economic strength, historic preservation must be an integral part of the state's ongoing economic development strategy because it produces visible and measurable gains in job growth, wealth creation, property values, tax revenues, downtown revitalization, and tourism. Moreover, the reclamation of historic buildings and neighborhoods means investment in existing public and private infrastructure, a responsible and cost-effective alternative to the continual extension of new construction and public services to outlying suburban areas. In the words of Donovan Rypkema, "when preservation has been tried and then measured, there has been but one conclusion: Preservation pays."<sup>22</sup>

# ENDNOTES

<sup>1</sup> Sharon C. Park, Forward to *Federal Tax Incentives for Rehabilitating Historic Buildings: Statistical Report and Analysis for Fiscal Year 2002* by Dahlia Dandridge and Kaaren Staveteig (Washington, D.C.: National Park Service, 2003), 1.

<sup>2</sup> Ibid.

<sup>3</sup> Tennessee Historical Commission, *A Future for the Past: A Comprehensive Plan for Historic Preservation in Tennessee [Draft]* (2003), 39.

<sup>4</sup> Dahlia Dandridge and Kaaren Staveteig, *Federal Tax Incentives for Rehabilitating Historic Buildings: Statistical Report and Analysis for Fiscal Year 2002* (Washington, D.C.: National Park Service, 2003), 18.

<sup>5</sup> Louis Jackson, Tennessee Historical Commission, Tax Incentive Coordinator, interview by author, January 2004.

<sup>6</sup> Tennessee Department of Transportation, list of 1991-2002 enhancement grants available on the Internet at <http://www.tdot.state.tn.us/local/grants.html>, accessed February 4, 2004.

<sup>7</sup> Tennessee Historical Commission, *A Future for the Past*, 35.

<sup>8</sup> Tennessee Historical Commission, "Fiscal Year 2002 Grants," unpublished database.

<sup>9</sup> National Trust for Historic Preservation, *2002 National Reinvestment Statistics*, available online at [www.mainstreet.org](http://www.mainstreet.org).

<sup>10</sup> Donovan D. Rypkema, *Profiting from the Past: The Impact of Historic Preservation on the North Carolina Economy* (Raleigh: Preservation North Carolina, 1997), 7, 9.

<sup>11</sup> Michael L. Lahr and David Listokin, *Preservation Makes Dollars & Sense: The Economic Impact of Historic Preservation in Memphis, Tennessee*, study prepared by the Center for Urban Policy Research, Rutgers, The State University of New York (March, 2003), 3.

<sup>12</sup> Tennessee Historical Commission, *A Future for the Past*, 38.

<sup>13</sup> Lahr and Listokin, *Preservation Makes Dollars & Sense*, 9-10.

<sup>14</sup> Bill Holmes, unpublished report on Fortwood Historic District.

<sup>15</sup> Tennessee Department of Tourist Development, "2003-2004 Marketing Plan," available on the Internet at <http://www.state.tn.us/tourdev/marketing.html>.

<sup>16</sup> Tennessee Department of Tourist Development, "Heritage/Historic Travel Market Overview," unpublished manuscript (2003); see also Tennessee Department of Tourist Development, "2003-2004 Marketing Plan."

<sup>17</sup> Tennessee Department of Tourist Development, "TIA 2001 Economic Impact Report," prepared by the Travel Industry Association of America, June 2003, available at [www.state.tn.us/tourdev/reports.html](http://www.state.tn.us/tourdev/reports.html).

<sup>18</sup> Rypkema, *Profiting from the Past: The Impact of Historic Preservation on the North Carolina Economy*, 18; New Jersey Historic Trust, *Partners in Prosperity: The Economic Benefits of Historic Preservation in New Jersey* (1997), 5; Joni Leithe and Patricia Tigue, *Profiting From the Past: The Economic Impact of Historic Preservation in Georgia* (1999), np; Lahr and Listokin, *Preservation Makes Dollars & Sense*, 7.

<sup>19</sup> Tennessee Department of Tourist Development, "Heritage/Historic Travel Market Overview."

<sup>20</sup> Tennessee Department of Tourist Development, "Heritage/Historic Travel Market Overview," and Tennessee Civil War National Heritage Area, "Survey 2001," Center for Historic Preservation, Middle Tennessee State University.

<sup>21</sup> National Park Service, *National Heritage Areas* brochure; see TCWNHA website, <http://histpres.mtsu.edu/tncivwar/index.html>.

<sup>22</sup> Rypkema, *The Economics of Historic Preservation: A Community Leader's Guide* (National Trust for Historic Preservation, 1994), 6.

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